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Iron Mountain, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions] Your first question comes from the line of Vance Edelson with Morgan Stanley.

Vance Edelson - Morgan Stanley

National opportunity, do you see multinational corporations as wanting to consolidate their business globally towards Iron Mountain, or is it more they view on a country by country basis, how should we think about that?

C. Richard Reese - Chairman and Chief Executive Officer

A lot of ways, the answer is, there is no one answer. It depends on the company, industry and a lot of things. But, there is overall trend of wanting to consolidate... a variety of trends. One is to have fewer vendors period. Two, is to drive more purchasing leverage through doing that. The third thing is, as though, for compliance reasons, having fewer vendors makes it cheaper and easier to manage. Consistency at what you do on a global basis is coming more and more important. Having said that, all of that, you got to earn it locally. There is no... there are very few companies... there are more and more than it used to be that would make a true globalization, but the more... the general trend is to make more regional decisions under some consistent umbrella and so that's why we are trying to become strong in each of the major regions.

Vance Edelson - Morgan Stanley

Okay. That's helpful. Could you elaborate on the destruction variability from quarter-to-quarter? Is that something that's predictable as in there are seasonal factors or is it less predictable and we are not going to really be able to accurately model how that ebbs and flows?

Brian P. McKeon - Executive Vice President, Chief Financial Officer

There is some variation and that is obviously driven? we have some advanced insight into that, but it's?

C. Richard Reese - Chairman and Chief Executive Officer

A lot of it is... there is? like a lot of things, there is lot of complex trends, but by and large, there is base line amount of that activity that sort of happens like clock work. And then what happens is and it doesn't take many very large customers to either do catch-up, that is, they'll have to put a lot of stuff on hold, because of their retention programs, and we've seen this trend not very well managed. They are afraid of the litigation and the compliance issues of doing that, then they build a program, oftentimes we help them to do, and then they do a big catch-up, maybe two or three years backwards

and it doesn't take... two or three of them do that in a quarter to make it rise. You also, by the way, sometimes see? I've seen this pattern before and I'm not... I don't know for fact that we are seeing this yet. But, I have seen this pattern where in tough times people stop destroying because they would rather pay the monthly storage price and just budget here, than the one-time fee to get rid of the box. They are protecting those...

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